

~~SECRET~~The 1953 Soviet Budget

A. Nature of Soviet Budget

1. For the first time since 1947 the budget shows a decline in direct military expenditure.
2. This 3.2 percent decline contrasts with 16 and 18 percent increases registered in 1951 and 1952 budgets.
3. Powerful Soviet military capability built up since the war not significantly affected by this slight reduction.
4. Direct allotments to the military, not counting hidden defense outlays, however, remain more than one-fifth of total expenditures.
5. Decision not to increase defense funds permits greater spending on agricultural and industrial development.
6. Consequently, capital investment this year is increased 9 percent over 1952.
7. This partial shift in emphasis from military to civilian production was necessary to meet economic goals set for 1955.
8. Compared to last year, funds for "financing the national economy" increased more sharply than other parts of budget.

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9. Continued heavy stress on basic industrial development and
(also health services & housing)
increased efforts in consumer goods production are indicated.
10. New government's "softer" policy toward populace revealed
in reduced agricultural taxes.
11. Very large undisclosed expenditures, 16 percent of total,
(this category only 8% in 1952)
only partly attributable to MVD and MGB administration cost,
government loans and reserve funds.

B. Political aspects of Supreme Soviet's first session

1. Anti-American attacks omitted from budget speech.
2. No hint thus far why Supreme Soviet meeting was postponed
8 days.
3. All members of top party presidium present except P. K.
Ponomarenko, minister of culture.
4. Since he may appear later too early to judge significance
of his absence.
5. Supreme Soviet agenda calls for confirmation of 1953 budget
and endorsement of interim decrees in subsequent sessions.